



Missouri Department of Natural Resources Energy Center

MISSOURI ENERGY BULLETIN

December 7, 2006

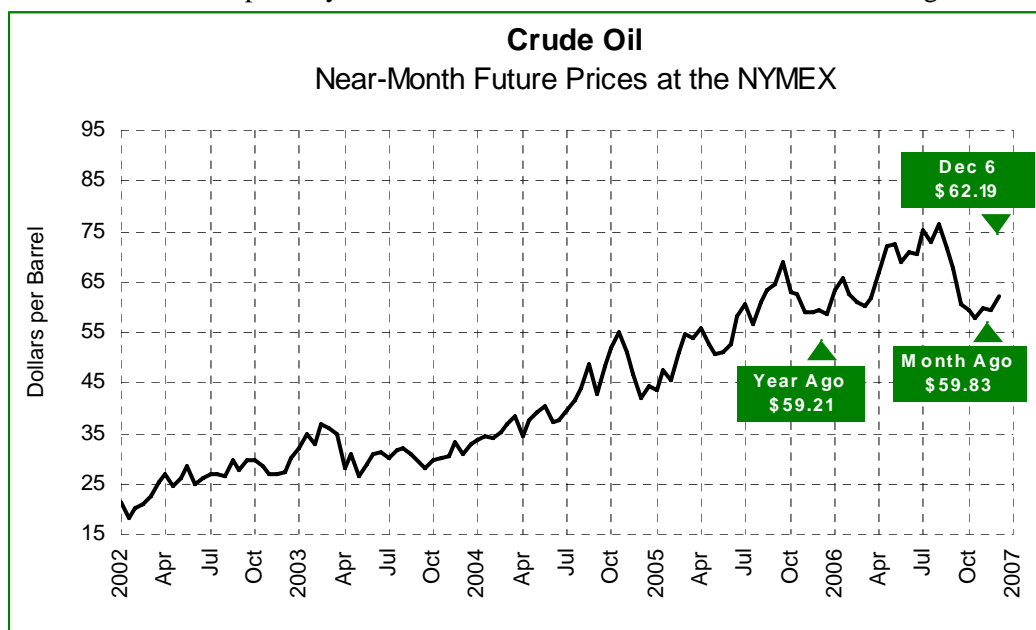
Crude Oil

On December 6, NYMEX oil futures for January delivery settled lower at \$62.19 per barrel in response to forecasts for warmer weather in the U.S. for the rest of December.

Crude Oil - Near Month Future Prices (dollars per barrel)

	<u>12-06-06</u>	<u>11-08-06</u>	<u>change</u>	<u>12-07-05</u>	<u>change</u>
NYMEX	\$62.19	\$59.83	up 4%	\$59.21	up 5%

- Crude oil prices settled \$0.24 lower at \$62.19 per barrel on Wednesday, December 6 as forecasts for warmer weather in the U.S. countered the U.S. Department of Energy's (USDOE) weekly storage report that showed a decline in U.S. supplies of crude and petroleum products.
- U.S. crude oil prices continue to be traded within a \$5 price range, as supplies have remained relatively firm. As of the week ending December 1, U.S. crude stockpiles were still near their highest levels since 1991 for this time of year. At \$62.19 per barrel, crude prices are nearly \$16 per barrel or 21 percent below the mid-July price peak of \$78.40.
- OPEC ministers are proposing another production cut when they meet in Nigeria on December 14th. On October 19, OPEC agreed to curb oil output by 1.2 million barrels per day (MMBD) or about 4.3 percent from their 28 MMBD production level. According to OPEC, global crude oil is oversupplied by 1 million MMBD. Exports by the cartel fell 1.5 MMBD in November, according to the USDOE.



- For the week, U.S. refineries improved operations by 2.4 percent to 90.5 percent of total production capacity in response to very strong margins. U.S. refineries increased gasoline output by 311,000 barrels per day and distillate output by 131,000 per day. Refinery inputs are 416,000 barrels higher from the prior week at 15.73 million barrels of crude oil per day. At this level, refinery inputs are about 0.2 million barrels per day higher when compared to the same period last year.
- U.S. crude oil supplies decreased 1.1 million barrels to 339.7 million barrels for the week ending December 1, according to the USDOE. U.S. crude production improved by 0.34 MMBD to 5.4 MMBD compared to last year's production at 5.0 MMBD. Crude imports increased by 0.54 MMBD last week to 10.3 MMBD. At this time last year, crude imports were 10.6 MMBD.

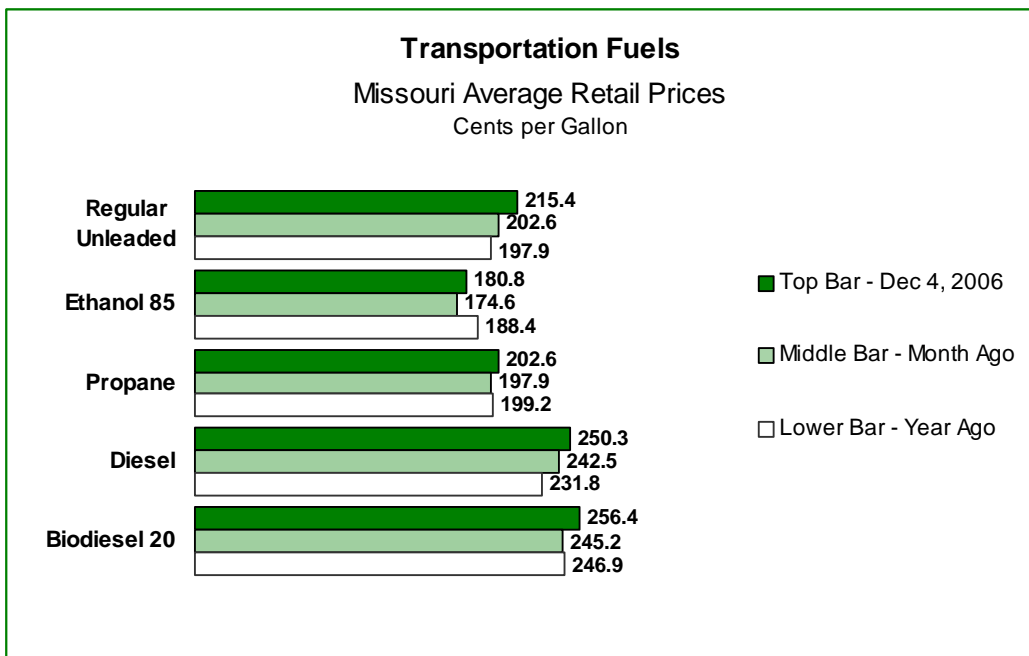
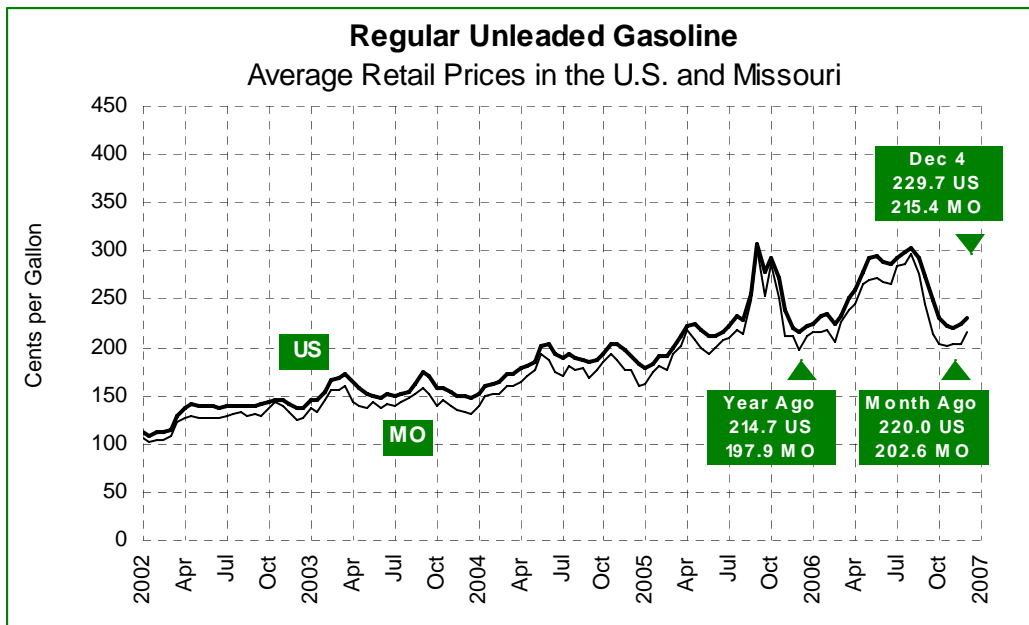
Transportation Fuels

On December 4, Missouri's average retail price for regular unleaded gasoline was \$2.15 per gallon, \$0.13 or 6 percent higher than the average retail price a month ago.

<i>Regular Unleaded Gasoline - Retail Prices (cents per gallon)</i>					
	<u>12-04-06</u>	<u>11-06-06</u>	<u>change</u>	<u>12-05-05</u>	<u>change</u>
US	229.7	220.0	up 4%	214.7	up 7%
Missouri	215.4	202.6	up 6%	197.9	up 9%

<i>Diesel Fuel - Retail Prices (cents per gallon)</i>					
	<u>12-04-06</u>	<u>11-06-06</u>	<u>change</u>	<u>12-05-05</u>	<u>change</u>
US	261.8	250.6	up 4%	242.5	up 8%
Missouri	250.3	242.5	up 3%	231.8	up 8%

- On December 4, Missouri's statewide average gasoline and diesel fuel prices were higher compared to last month. Compared to this time last year, Missouri gasoline prices are 18 cents higher while diesel fuel prices are 19 cents higher than December 2005. Missouri's average gasoline price is 15 cents lower than the U.S. average of \$2.30 per gallon and diesel prices are about 12 cents lower than the U.S. average of \$2.62 per gallon.
- On December 4, Missouri's average retail price for E85 (regular gasoline containing 85 percent ethanol) was \$1.81 compared to \$1.75 per gallon at this time last month. At \$1.81 per gallon, E85 is 35 cents or 16 percent lower than the average price of regular unleaded gasoline in Missouri. (Note: One volumetric gallon of E85 represents 73 percent of the energy content of gasoline.)
- U.S. distillate stocks fell by 0.4 million barrels (MMB) last week. U.S. diesel supplies now stand at 132.4 MMB. Despite recent supply declines, domestic inventories are up by 1.8 MMB from last year.
- Ultra-low-sulfur diesel (ULSD) output increased by over 175,000 barrels per day last week. Refiners are making about 2.7 MMBD of ULSD and supplies have improved by 1.1 MMB nationally. Imports improved last week to 158,000 barrels per day of ULSD compared to 114,000 barrels per day for the prior week.



Motor Gasoline - Total Stocks (millions of barrels)					
	12-01-06	11-03-06	change	12-02-05	change
US	200.0	204.0	down 2%	202.6	down 1%

- U.S. gasoline supplies fell 1.1 million barrels from a week ago to 200 MMB, pushing domestic inventories 2.6 MMB lower than last year's level at this time. National reserves of gasoline are now below the 5-year average for this time of year.
- Implied demand for gasoline increased 157,000 barrels last week to 9.5 MMB, a new record for the last week of any previous month of November. At this time last year, gasoline demand was about 9.2 MMB.

Regular Unleaded Gasoline Average Retail Prices in the U.S., Midwest, Missouri and Missouri Regions

Dec 4, 2006 Fuel Data in Cents per Gallon

U.S.	229.7
Midwest	226.1
Missouri	215.4
Central, M o.	210.3
Kansas City, M o.	218.1
Northeast, M o.	215.5
Northwest, M o.	216.5
St. Louis, M o.	218.2
Southeast, M o.	215.7
Southwest, M o.	213.7

Natural Gas

Approximately 57 percent (1,261,397) of Missouri households use natural gas to heat their homes. Natural gas is also used to produce goods and electricity.

On December 6, natural gas futures closed at \$7.73 per MMBtu, a decrease of \$0.09 or 1 percent from the month-ago settlement price.

Natural Gas - Near Month Future Prices (dollars per mmbtu)

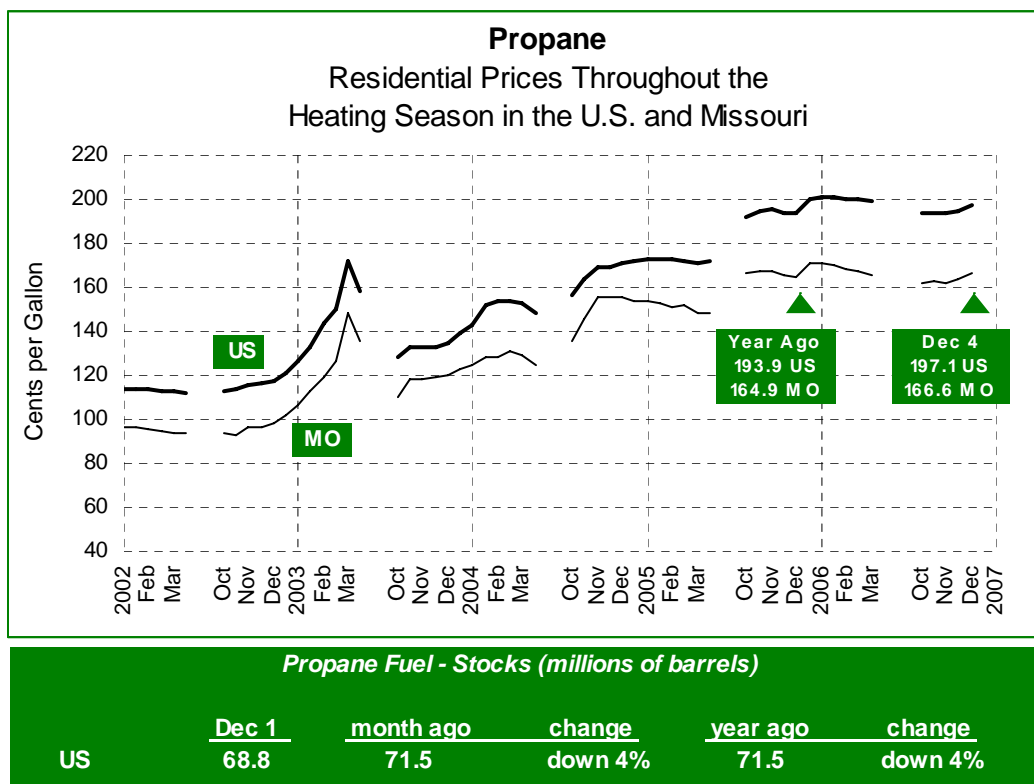
	<u>12-06-06</u>	<u>11-08-06</u>	<u>change</u>	<u>12-07-05</u>	<u>change</u>
NYMEX	\$7.73	\$7.82	down 1%	\$13.70	down 44%

- The NYMEX futures contract for November delivery settled at \$7.73 per MMBtu on December 6, falling \$0.09 in the past month. Forecasts for milder temperatures throughout the Lower 48 for the rest of December is helping pressure natural gas prices down for both space heat and electric generation.
- Working gas in storage as of December 1 totaled 3,406 Bcf, which is 9 percent above the 5-year average inventory level for the week according to EIA's *Weekly Natural Gas Storage Report*. Supplies were 232 Bcf higher than last year at this time and 282 Bcf above the 5-year average of 3,124 Bcf.
- On November 7, EIA projected the outlook for the upcoming winter (October 2006 through March 2007) and anticipates an 8.6 percent decrease in natural gas space heating costs for Midwest households compared to the winter of 2005-2006 with prices averaging \$11.48 per Mcf.

Propane

Approximately 13 percent (293,803) of Missouri households heat with propane, which is also used to support commercial operations, produce goods, dry grain harvests and fuel vehicles.

On December 4, Missouri's average residential price for propane was \$1.67 per gallon, an increase of \$0.02 per gallon from this time last year.



- According to the Missouri Energy Center's bi-monthly winter heating season propane survey, the average retail price for residential propane was \$1.67 per gallon on December 4 compared to \$1.65 per gallon at this time last year.
- U.S. propane supplies fell by 0.9 million barrels last week and stand at 68.8 million barrels as of December 1 or 2.7 million barrels lower than at this time last year. Midwest inventories increased by 0.49 million barrels to 24.5 million barrels last week compared to 23.6 million barrels at this time last year.
- On November 7, EIA projected the outlook for the upcoming winter (October 2006 through March 2007) and anticipates a 5.1 percent increase in propane space heating costs for Midwest households compared to the winter of 2005-2006 with prices averaging \$1.64 per gallon.

The Missouri Energy Bulletin is distributed twice a month by the Missouri Department of Natural Resources, Energy Center. The Energy Center collects transportation and propane heating fuel prices from several retail providers located throughout the state. To preserve confidentiality, price data are averaged and reported by region. The Bulletin is a public resource made available to state government decision-makers, other interested individuals upon request and on-line at the Energy Center Internet address. The department thanks each of the following in helping to provide accurate, timely data on fuel supplies and prices: the U.S. Department of Energy's Energy Information Administration; the National Association of State Energy Officials; the St. Louis AAA Auto Club; regional state energy offices; and Missouri's energy retailers. For more information, contact: MO Dept. of Natural Resources, Energy Center, P.O. Box 176, Jefferson City, MO 65102-0176; Phone: (573) 751-3443 or (800) 361-4827; Fax: (573) 751-6860; E-mail: energy@dnr.mo.gov; Web Address: www.dnr.mo.gov/energy/transportation/fb.htm